

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 CIAE-00 COME-00 INR-10

LAB-06 NSAE-00 RSC-01 SPC-03 STR-08 TRSE-00 CIEP-02

OMB-01 PA-04 PRS-01 USIA-15 AID-20 IGA-02 L-03 H-03

SS-20 NSC-10 DRC-01 /158 W
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TO SECSTATE WASHDC PRIORITY 1165

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E.O. 11652: N/A

TAGS: ETRD BL

SUBJ: COTTON: CONTINUED PRESS REACTION.

SUMMARY: PRESS CONTINUED GIVE CLOSE ATTENTION COTTON
CONTROVERSY NOVEMBER 9 WITH APPEARANCE OF EDITORIAL COMMENT
AND ATTEMPTS TO EXPLAIN AWAY IN MOST CASES DIFFERENCES
BETWEEN COMMERCE AND INDUSTRY MINISTER PEREDA'S STATEMENT
NOVEMBER 7 REGARDING SUPPOSED U.S. PRESSURE AND DENIALS
NOVEMBER 8 BY MINISTERS OF AGRICULTURE AND FINANCE.
END SUMMARY.

1. MOST COMPLETE REPORT APPEARED BOTTOM FRONT PAGE EL DIARIO
WHICH REVIEWED STATEMENTS OF ALL THREE MINISTERS. FINANCE
MINISTER PINELL SAID U.S. DID NOT THREATEN HICKENLOOPER AND
QUOTED PEREDA AS SAYING HE WAS MISINTERPRETED. PINELL
EXPLAINED THAT GOB HAD NOT RPT NOT ENTERED CONTROVERSY BUT
ONLY ISSUED DECREE POINTING OUT UNFAVORABLE EFFECT OF
COTTON PRICE RISE AND SETTING DUTIES AND TAXES. AGRICULTURE
MINISTER NATUSCH GAVE LENGTHY INTERVIEW DENYING U.S.
PRESSURE AND SAID THAT HICKENLOOPER AMENDMENT ONLY
HYPOTHETICAL ISSUE. HE SAID THAT WHEN NEGOTIATIONS BETWEEN
COOK AND ADEPA BROKE DOWN GOB THROUGH
EMBASSY INVITED FIRM'S REPRESENTATIVES TO TALKS HERE.

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HE AND PINELL STRESSED LIMITS OF GOB'S INVOLVEMENT.

PEREDA, FOR HIS PART, ADMITTED THAT NO "FORMAL" THREAT MADE TO INVOKE HICKENLOOPER BUT INSISTED THAT COOK WOULD BE ASKING DEPARTMENT OF STATE TO APPLY IT SINCE "NEGOTIATIONS HAVE BROKEN DOWN".

2. MORNING DAILY PRESENCIA GAVE BRIEF SUMMARY OF ISSUES MIDDLE FRONT PAGE CENTERING ON THEME THAT BOLIVIAN COTTON BEING BOYCOTTED. PAPER NOTED NATUSCH'S DENIAL OF U.S. PRESSURE BUT QUOTED PEREDA AS REPEATING THAT U.S. EMBASSY UNDER INSTRUCTIONS DEFEND COOK'S INTEREST AND IF UNSUCCESSFUL HICKENLOOPER WOULD BE APPLIED. PRESENCIA QUOTED EMBASSY PRESS RELEASE IN FULL IN WHICH WE REFUSED TO COMMENT ON PEREDA'S ACCUSATIONS DIRECTLY BUT GAVE ASSURANCES THAT EMBASSY AND U.S. GOVERNMENT HAD NOT RPT NOT BEEN ONE THAT MENTIONED AMENDMENT. PRESENCIA ARGUED IN EDITORIAL THAT CONTRACTS MUST BE EQUITABLE AND THAT THERE ARE NUMEROUS EXAMPLES OF U.S. FIRMS BREAKING CONTRACTS, CITING AS EXAMPLE BUYERS OF MINERALS WHO REFUSE TO HONOR AGREED PRICES WITH ARGUMENT THAT THEY CANNOT BE MADE TO LOSE MONEY. PRESENCIA CALLED FOR MUTUALLY BENEFICIAL NEGOTIATIONS, TOOK CONSOLATION THAT COTTON COULD BE SOLD ELSEWHERE AND CONDEMNED THREAT OF HICKENLOOPER.

3. HOY CONTINUED SENSATIONALIST TREATMENT WITH FRONT PAGE BOX JUSTIFYING, IN VIEW PEREDA'S LATEST REMARKS, PUBLISHING NOVEMBER 8 CHARGES OF U.S. PRESSURE AND POINTEDLY CONTRASTED THEM WITH STATEMENTS MADE BY THE OTHER TWO MINISTERS. CARTOON ON EDITORIAL PAGE SHOWED FIGURE OF COTTON BUYERS STRANGLEING BOLIVIAN COTTON GROWERS. CONFUSED HOY EDITORIAL COMPLAINED OF U.S. PRESSURE AND QUESTIONED WHETHER HICKENLOOPER COULD BE APPLIED FOR CONTRACTS RATHER THAN EXPROPRIATIONS. HOY STATES FIRM TRYING TO FORCE SALE OF COTTON BELOW AGREED UPON PRICE. EDITORIAL CLOSES URGING BOLIVIA WATCH PRICE MOVEMENT MORE CLOSELY IN FUTURE AND WORRYING OVER SIGNS THAT U.S. NOW ADOPTED UNFRIENDLY ECONOMIC POLICY IN LATIN AMERICA.
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